

**Community and Technical College
Formula Advisory Committee Meeting
Texas Higher Education Coordinating Board
September 10, 2003**

**MINUTES
(Revised)**

Members Present: Leonardo de la Garza (convening chair), Charles Florio, Ben Ferrell, Gregory Williams, Gary Hendricks, Joseph Conti, Richard Rhodes, Tony Riley, Angie Runnels, Linda Stegall, Leslie Berardo, Ken Pirtle and Carter Rouse.

Members Absent: Elvira Concha le Blanc, Robert Krienke, and Linda Watkins.

Leonardo de la Garza convened the meeting in the Board Room of the Texas Higher Education Coordinating Board at 10:00 a.m. on September 10, 2003

Members of the Committee and the audience introduced themselves.

Dr. de la Garza was elected as permanent chair.

Commissioner Don Brown welcomed the Committee and delivered the charge.

Karen Hanson presented an overview of the formula funding process for community and technical colleges.

Jeff Phelps discussed the legislative trends regarding the community and technical colleges funding formulas. Some preliminary numbers were presented regarding funding for the 2004-2005 biennium. Revised numbers will be presented at the next meeting.

Dr. Rey Garcia and Don Hudson with Texas Association of Community Colleges presented trend charts for eight biennia covering formula appropriations and contact hour trends.

Dr. de la Garza asked the Committee to consider assigning parts of the charge to subcommittees. Considerable discussion occurred regarding how many subcommittees would be required and how the charge components would be assigned.

**Community and Technical College
Formula Advisory Committee Meeting
September 10, 2003
Page 2**

It was finally agreed that four subcommittees would be formed:

- One subcommittee to study the charges, “Propose formulas with appropriate levels of funding and financial incentives necessary to best achieve the four major goals included in the Closing the Gaps”, and, “Examine trends of I & O expenditures derived from the funding formulas and funding derived from local funds over the past several biennia;”
- One subcommittee to study the charge, “Assess the effectiveness of the community college funding formula in targeting the state’s critical workforce shortages;”
- One subcommittee to study the charge, “Evaluate the adequacy and impact of the growth supplement provided by the 78th Legislature;” and
- One subcommittee to study the charge, “Determine if changes are needed in the community and technical college funding formula to facilitate the effective use of distance education.”

The CB staff will send an email message with the subcommittee charges and ask each Committee member to list in rank order the three committees on which they would most like to serve. Staff will work with Dr. de la Garza on finalizing the subcommittee membership and chair. Members will be notified of their assignments shortly.

The Committee will meet again on October 8, 2003 at 12:30 p.m. The subcommittee meetings will take place prior to that time.

The meeting adjourned at approximately 2:00 p.m.

**Community and Technical College
Formula Advisory Committee Meeting
Texas Higher Education Coordinating Board
October 8, 2003**

Minutes (Revised)

Members Present: Leonardo de la Garza (chair), Gregory Williams, Leslie Berardo, Ken Pirtle, Joseph Conti, Ben Ferrell, Charles Florio, Gary Hendricks, Tony Riley, Richard Rhodes, Carter Rouse, Angie Runnels.

Members Absent: Robert Krienke, Elva Concha LeBlanc, Linda Watkins, Linda Stegall.

Ron Law attended for Linda Watkins.

Leonardo de la Garza convened the meeting in the Board Room of the Texas Higher Education Coordinating Board at 12:40 pm on October 8, 2003.

The minutes were approved with the correction to add Ken Pirtle to the list of those present at the last meeting.

Don Hudson with the Texas Association of Community Colleges presented preliminary information on the tax rates, property tax revenue, and tuition and fee revenue for community colleges. He noted that the information was not complete because eleven colleges had not yet responded. Dr. de la Garza asked if he should contact the CEOs of those colleges to get the information submitted. Mr. Hudson said that any assistance in getting the data submitted would be most appreciated. Dr. Williams requested that the committee reflect in the minutes the desire to have this information submitted and a complete report prepared.

Dr. Williams presented the status of the Formula Subcommittee decisions as:

- Will rely heavily on the work of the prior committee;
- Will emphasize improved reporting on the cost study including certification by the CEOs;
- Will recommend incentives for participation using growth percentages to be determined;
- Will recommend incentives for success using increases in percentage of decrees and certificates awarded; and
- The hold harmless funding floor applied during the last legislative session was a disincentive for the *Closing the Gaps* goals and should be eliminated.

**Community and Technical College
Formula Advisory Committee Meeting
October 8, 2003
Page 2**

Ben Ferrell presented a status of the Distance Education Subcommittee as:

- Committee received report on distance education, and that ~3 percent of contact hours are provided through distance education;
- Cost information on distance education is lacking;
- The committee is still considering how the formula might be used to determine how incentives might be used to meet the goals of *Closing the Gaps*;
- Committee members have been instructed to check the following with their faculty regarding:
 - ◆ How incentives could be developed for distance education classes to assist in meeting the goals of *Closing the Gaps*?
 - ◆ How much the courses cost at the colleges?
 - ◆ How faculty would respond to working collaboratively to develop distance education classes?
 - ◆ Whether Virtual Texas College (VCT) provides an incentive or disincentive to providing additional contact hours?

There were two subcommittees, the Workforce Shortage Subcommittee and Dramatic Growth Subcommittee, that did not meet today, but did plan to meet for the next meeting of the CTCFAC. The Dramatic Growth Subcommittee will meet with the Formula Subcommittee.

The Formula Advisory Committee will meet again on November 5, 2003 following the subcommittee meetings.

The meeting adjourned at approximately 1:45 pm.

**Community and Technical College
Formula Advisory Committee Meeting
Texas Higher Education Coordinating Board
November 5, 2003**

Minutes

Members Present: Gregory Williams (acting chair), Ben Ferrell, Charles Florio, Gary Hendricks, Robert Krienke, Tony Riley, Angie Runnels, Linda Stegall, Linda Watkins, Joseph Conti, Ken Pirtle, and Carter Rouse,.

Members Absent: Leonardo de la Garza, Elva Concha LeBlanc, Richard Rhodes, Leslie Berardo,.

Dr. Williams convened the meeting in the Board Room of the Texas Higher Education Coordinating Board at 1:00 pm on November 5, 2003.

The minutes for the October 8, 2003 meeting were approved with the correction of the spelling of Joseph Conti's name.

Dr. Williams asked Jeff Phelps and Karen Hanson to present the status of the Formula Subcommittee and Growth Subcommittee decisions.

Mr. Phelps presented the recommendation of the participation and success incentives as discussed in the joint subcommittee meeting:

- The recommended modifications to the success model was to change the funding levels of the bonus funding to \$500, \$650, \$800, \$950, \$1,100 and \$1,250 with a total amount of the bonus to be ~\$10 million.
- The bonus amounts and growth amounts are to be awarded by district, not by individual campus.
- Campus information will be provided, if available.
- The joint subcommittee requested that CB staff determine if information is already collected by the CB on the number of successful transfers of students to four-year institutions. If the number of successful transfers to four-year institutions is available, this measure should be added to the success model.
- In regards to the growth model, the bonuses should be changed to 10 percent for each level with a 10 percent increase needed to qualify for a bonus.

Ms. Hanson described analysis provided on level of appropriation and a description of the revised instructions for the *All Funds Expenditure Report*. The subcommittee members agreed to take the instructions to their CFOs and obtain feedback on the instructions. This feedback is to be sent to Ms. Hanson prior to the next meeting.

Linda Stegall presented the status of the Workforce Shortage Subcommittee activity.

- The subcommittee recommended that because the demand is as much for LVNs as it is for RNs, the funding should be for LVNs as well as for RNs. The current breakdown of 8 percent growth for the first year and 15 percent growth for the second year in nursing to

**Community and Technical College
Formula Advisory Committee Meeting
November 5, 2003
Page 2**

receive growth funds in the current biennium are good breakpoints to use for the next biennium.

- The subcommittee also recommended that new college funding should not come out of dramatic enrollment growth, but it should be funded separately.
- The subcommittee recommended that alternative teaching certification courses be included in Workforce Education Course Manual (WECM) and be funded by the state as a new initiative.
- Information will be requested from the Community and Technical College Division's committee on high tech courses to determine funding recommendations on high tech.

Ben Ferrell presented the status of the Distance Education Subcommittee activity.

The subcommittee discussed these issues in terms of their institution's particular experience.

- There was agreement among the members that additional incentives did not need to be developed at this time. However, all recognized that this was an emerging technology and continued monitoring of its impact was needed. The subcommittee did express the desire that formula funding be at the full amount per their Annual Funds Expenditure Report and not the discounted amount captured in the formula.
- Only one school (West Texas College) had performed a meaningful cost analysis and concluded that distance learning was a viable revenue center. The other institutions that were represented indicated that distance education was still a fairly small part of their overall enrollment and had not conducted a comprehensive cost analysis.
- Limited collaboration was occurring. One issue that was raised concerned intellectual property rights, and all agreed this was a contractual issue that the schools needed to address.
- For the institutions with a significant portion of their enrollment through distance education or for institutions that had been involved in distance education for a longer period, VCT acted as an incentive for providing additional contact hours. For those that had limited distance education experience, VCT tended to act as a disincentive, largely due to the excessive paperwork required.

Overall, the subcommittee felt that the current structure of distance education was adequate and served the purpose for which it was intended. However, because it is still an emerging instructional delivery mode in two-year institutions, it is important for the state to monitor its growth. Incentives may be appropriate in the future. Mr. Ferrell concluded with confirmation that the work of the Distance Education Subcommittee was completed.

The Formula Advisory Committee will meet again on December 12, 2003 following the subcommittee meetings.

The meeting adjourned at approximately 1:20 pm.

**Community and Technical College
Formula Advisory Committee Meeting
Texas Higher Education Coordinating Board
December 12, 2003**

Minutes

Members Present: Leonardo de la Garza, (chair), Ben Ferrell, Charles Florio, Gary Hendricks, Linda Stegall, Linda Watkins, Joseph Conti, Ken Pirtle, and Carter Rouse.

Members Absent: Robert Krienke, Tony Riley, Angie Runnels, Richard Rhodes, Leslie Berardo, and Gregory Williams,.

Dr. de la Garza convened the meeting in the Board Room of the Texas Higher Education Coordinating Board at 1:05 pm on December 12, 2003.

The minutes for the November 5, 2003 meeting were approved.

Ms. Teri Flack, deputy commissioner, was introduced and was present to receive the recommendations of the committee.

Dr. Gary Hendricks presented a summary of the recommendations of the Joint Formula & Growth Subcommittee:

- ◆ Full funding of the formula is recommended.
- ◆ The subcommittee voted: (1) to use the contact hours instead of FTSE as a basis for funding the dramatic growth supplement; (2) to use the full funding dollar amounts as the basis for allocation instead of the formula funded amounts to be consistent with the earlier recommendation for full formula funding; (3) that the total amount of the dramatic growth supplement should be ~\$10 million per year; and (4) 10 percent should be the threshold for dramatic growth for the first year of the biennium when compared to the base year, and 20 percent should be the threshold for dramatic growth for the second year of the biennium when compared to the base year.
- ◆ The subcommittee voted to recommend the tiered system of bonuses for work toward the success goal of *Closing the Gaps* with a recommended funding level of ~\$10 million per year. The subcommittee recommended allocation by district, but that the Coordinating Board should provide information by campus where available. The subcommittee also recommended that the Lamars and TSTCs would be exempted from the combining of allocations by college and would be reported and allocated individually.
- ◆ The subcommittee recommended that the Coordinating Board apply the results of the All Funds Expenditure Report to the formula recommendations in determining the median rates for the appropriation request.

**Community and Technical College
Formula Advisory Committee Meeting
December 12, 2003
Page 2**

Dr. Linda Stegall asked Dr. Debbi Greene to explain the nursing growth data which Dr. Greene had provided (copy attached). Dr. Greene explained the levels of nursing growth reported at two year colleges, general academics and health-related institutions. Discussion followed concerning the appropriate level of funding for nursing growth.

- ◆ The committee voted to request funding at ~\$5 million/year for nursing growth. The nursing growth allocation is to be divided between an RN allocation and an LVN allocation by calculating a weighted average for each. This weighted average is to be calculated by taking the contact hours times the funding rate for each of the programs, and then splitting the \$5 million/year between the RN and LVN programs based upon the relative weights of the above calculation to the sum of the two calculations.
- ◆ The committee voted to recommend 3 percent growth for the first year of the biennium and 6 percent growth for the second year of the biennium as the threshold for dramatic growth.
- ◆ The committee also recommended UB authority for this request at a total of \$5 million per year.
- ◆ The committee recommended funding of alternative teacher certification courses at community colleges and to request the Coordinating Board to come up with a funding and reporting mechanism for community colleges and other appropriate delivery agents.

The Formula Advisory Committee accepted these recommendations by consensus, to be forwarded to the Commissioner.

Ben Ferrell presented the recommendations of the Distance Education Subcommittee.

- ◆ There was agreement among the members that additional incentives did not need to be developed at this time. However, all recognized that this was an emerging technology and continued monitoring of its impact was needed. The subcommittee did express the desire that formula funding be at the full amount per their Annual Funds Expenditure Report and not the discounted amount captured in the formula.
- ◆ Overall, the subcommittee felt that the current structure of distance education was adequate and served the purpose for which it was intended. However, because it is still an emerging instructional delivery mode in two-year institutions, it is important for the state to monitor its growth. Incentives may be appropriate in the future.

The Formula Advisory Committee accepted these recommendations by consensus, to be forwarded to the Commissioner.

**Community and Technical College
Formula Advisory Committee Meeting
December 12, 2003
Page 3**

The Formula Advisory Committee discussed the plans concerning the Advisory Committee on High-Technology Funding Codes. The Advisory Committee on High-Technology Funding Codes is to formulate a recommendation that will be sent to the Community and Technical College Formula Advisory Committee for endorsement. If there is concern within the Community and Technical College Formula Advisory Committee about the recommendation of the Advisory Committee on High-Technology Funding Codes, then the Community and Technical College Formula Advisory Committee will reconvene in early February to discuss the recommendation of the Advisory Committee on High-Technology Funding Codes, and to determine a recommendation for the Community and Technical College Formula Advisory Committee.

The committee voted to use the median rates from the All Funds Expenditure Report, due January 1, 2004, as the basis for the formula funding request.

Ms. Flack thanked the committee for their hard work and relayed the appreciation of Dr. Don Brown, Commissioner.

The meeting adjourned at 2:00 pm.

Attachment: Nursing Growth

Dramatic Enrollment Growth Movement of Nursing Growth

	Two Year Colleges	General Academic Institutions	Health Related Institutions	Total
FY 2002	5,000,000	5,574,094	723,719	1,297,813
Nursing moved to Nursing Strategy adjusted FY 2002	(1,803,950)	(817,914)	2,621,864	0
	3,196,050	4,756,180	3,345,583	1,297,813
FY 2003	5,000,000	5,574,094	723,719	11,297,813
Nursing moved to Nursing Strategy adjusted FY 2003	(1,803,950)	(817,914)	2,621,864	0
	3,196,050	4,756,180	3,345,583	11,297,813
Base FY 2002-2003	6,392,100	9,512,360	6,691,166	22,595,626
12.5 % reduction	87.5%	87.5%	87.5%	87.5%
Request for 2004-2005	5,593,088	8,323,315	5,854,770	19,771,173
Request for FY 2004	2,796,544	4,161,658	2,927,385	9,885,587
Request for FY 2005	2,796,544	4,161,658	2,927,385	9,885,587

	Two Year Colleges	General Academic Institutions	Health Related Institutions	Total
FY 2002	5,000,000	5,574,094	723,719	11,297,813
Nursing enrollment growth FY 2002 adjusted FY 2002	(1,803,950)	(817,914)	202,505	(2,419,359)
	3,196,050	4,756,180	926,224	8,878,454
FY 2003	5,000,000	5,574,094	723,719	11,297,813
Nursing enrollment growth FY 2003 adjusted FY 2003	(3,807,297)	(2,872,607)	(723,719)	(7,403,623)
	1,192,703	2,701,487	0	3,894,190
Revised (?) Base FY 2002-2003	1,192,703	2,701,487	7,403,623	11,297,813
12.5 % reduction	87.5%	87.5%	87.5%	87.5%
Request for 2004-2005	1,043,615	2,363,801	6,478,170	9,885,586
Revised (?) Request for FY 2004	1,043,615	2,363,801	6,478,170	9,885,586
Revised (?) Request for FY 2005	1,043,615	2,363,801	6,478,170	9,885,586

revised 2/26/03

FOR CTC FAC
12/12/03

Conservative approach to RN \$ 5,611,247

Generous approach to RN \$ 7,614,594